WASHINGTON – Congresswoman Melissa Bean, (IL-08), recognized as a national leader on Wall Street Reform, joined colleagues today to pass the final conference version of H.R. 4173, the *Dodd-Frank Act*, which puts tough new watchdogs on Wall Street to protect the investments of families and businesses and end bailouts.

The bill passed 237-192 with bipartisan support and awaits Senate passage before going to President Obama for signature into law.

Bean made the following statement on the floor of the U.S. House during debate of the bill.

Thank you, Madame Speaker. Since the 2008 financial crisis that reduced the values of their homes and savings, our constituents have demanded action and answers.

‘What went wrong? And what will Congress do to make sure it doesn’t happen again?’

This bill answers with strong protections for American families.

The problems started in our neighborhoods, where too many homebuyers took out loans they couldn’t afford, and too many lenders approved those loans. This bill ends a period of no-doc loans and drive-by appraisals with new lending standards, with risk retention to insure that lenders want to keep a portion of their loans on their books, and rating agency liability and reform. It also creates an independent Consumer Financial Protection Bureau to update and enforce our laws to protect consumers from abusive or misleading products and practices.

Next, derivatives were at the heart of the AIG failure. This bill creates regulation where it did not exist in this multi-trillion dollar market, with required transparency ensuring that these transactions are exchange traded, cleared, and/or reported. Capital reserves will be required, to back up the risks they take and protect the entire system.

And, most important, it ends taxpayer bailouts. Those companies who take excessive risks—if you fail, you're fired. Your shareholders will lose money, and your industry is responsible for the cost of liquidation. Never taxpayers.

Everyone, from homebuyers in our neighborhoods, to wizards on Wall Street to regulators in Washington, now recognize that the era of no regulation is over; that the status quo doesn't work, and that the time to act is now to protect our American system and our people.

Bean is a member of the House Financial Services Committee which crafted the bill. As the Vice-Chair of the New Democrat Coalition, a group of nearly 70 pro-growth moderates in the House, and co-chair of the coalition's Financial Services Task Force, Bean has had a leading role in shaping the legislation.

The final version of the legislation incorporates the entire "New Democrats' Plan for Creating a 21st Century Financial Regulatory Structure", which was released in **February 2009** and included 21 guiding principles to provide efficient and effective regulation of the U.S. financial system, stabilize the market, strengthen oversight and transparency, and institute robust new consumer and investor protections.

The New Democrats' Plan for the 21st Century Financial Regulatory Structure

Released February 2009

Efficient and Effective Regulation

- Create a systemic risk regulator that can monitor systemically important institutions and their counterparties to mitigate the risk of systemic collapse.
- Reduce redundant regulatory structures in exchange for robust regulatory oversight.
- Ensure oversight over new financial instruments that currently do not have regulatory oversight.
- Require regulators to use prudential supervision to proactively work with those they regulate to prevent violations and keep communication lines open to better monitor efficacy and unintended consequences.

- Increase coordination and communication between federal regulators through expansion of the President’s Working Group on the Financial Markets to include all federal financial regulators.
- Modernize the regulation and oversight of the insurance industry to ensure adequate information and a consolidated U.S. position in international trade discussions.

Market Stability and Transparency

- Reform how regulators evaluate capital requirements when using fair value accounting values (mark to market) on hold to maturity assets in a temporarily impaired market.
- Prohibit excessive leverage on debt and derivative instruments by requiring necessary capital reserves to prevent against the potential risk of default.
- Create a countercyclical mechanism to temper extreme market fluctuations.
- Support measures to prohibit manipulation that can lead to extreme fluctuations in securities prices that could destabilize fair and orderly markets.
- Support open exchanges and price disclosure to increase transparency in opaque markets like the credit default swaps market.
- Require lenders to hold a small percentage of loans in a first loss position to ensure originators retain some stake in the loans they underwrite.
- Conduct a thorough review of rating agencies' methodologies, models and compensation structures to ensure that ratings are accurate and not subject to conflict.
- Hold Treasury accountable to regularly collect data from all federal sources that receive financial data from recipients of TARP funds.

Robust Consumer and Investor Protection

- Aggressively pursue a multi-tiered strategy that prevents unnecessary foreclosures for credit worthy borrowers while protecting taxpayers and preserving the moral hazard principle.

- Work towards reintroduction of mortgage reform legislation and pass into law
- Ensure that credit is available and appropriate for consumers through strengthened oversight and regulation of predatory loans while protecting businesses' ability to price for risk.

- Hold federal financial regulators accountable for enforcement of consumer and investor protections.
- Protect and continue to encourage simpler disclosure of status and terms and conditions of Americans' retirement and investment accounts.
- Reduce incentives for excessive risk taking and improve corporate governance by empowering shareholders.
- Increase fraud prevention efforts.

-30-